

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
November 19, 2008**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Acting Chair, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 10:46 a.m.

Members Present: Bettina Redway for Chairman Bill Lockyer, State Treasurer
Tom Sheehy for Michael C. Genest, Director, Department of Finance
Les Kleinberg for John Chiang, State Controller
Preston DuFauchard, California Corporations Commissioner,
Department of Corporations
Stanton Hazelroth for Dale Bonner, Agency Secretary, Business,
Transportation and Housing Agency

Staff Present: Tom Dresslar, Executive Director

Quorum: The Acting Chair declared a quorum

2. APPROVAL OF OCTOBER 22, 2008 MEETING MINUTES

Ms. Redway asked if there were any questions or comments from the board or the public on the October 22, 2008 meeting minutes. There were none.

Mr. DuFauchard moved approval of the October 22, 2008 meeting minutes. Upon a second of the motion, the item passed unanimously.

3. EXECUTIVE DIRECTOR'S REPORT

Tom Dresslar reported that CIDFAC held an IDB Point System Revision workshop on October 22, 2008. He stated that staff received valuable input from the workshop attendees, and that he believes this input will result in a better IDB point scheme that will allow staff to achieve the goals outlined in CIDFAC's Strategic Plan and at the same time minimize any additional burdens on issuers. Mr. Dresslar stated that Deputy Executive Director Eileen Marxen is in Washington, D.C. at a conference sponsored by the Council of Development Financing Agencies. He added that, as part of this trip, Ms. Marxen will be meeting with legislative staff from the offices of Congressman Xavier Becerra, Senator Barbara Boxer, and Senator Dianne Feinstein to discuss the proposal to amend federal law so that knowledge-based companies may qualify for IDB financing. Mr. Dresslar noted that Congressman Becerra, who is a member of the House Ways and Means Committee, has expressed interest in sponsoring a House bill to bring about this change in federal law.

Mr. Dresslar further stated that the IDB pool began the calendar year with \$120,000,000 in tax-exempt allocation and that IDB allocation demand for 2008 will exceed that amount by \$2,200,000. Of an additional \$11,000,000 in tax-exempt allocation that CDLAC awarded to CIDFAC in September, approximately \$8,500,000 will be returned for reallocation to other pools.

Ms. Redway asked if there were any questions or comments from the board or the public on Mr. Dresslar's report. There were none. Ms. Redway commented that it is great to hear that these projects are going forward despite market conditions and the credit crunch.

A. CIDFAC FUND BALANCE REPORT (INFORMATION ITEM)

Mr. Dresslar stated that CIDFAC ended fiscal year 2007-08 with a reserve of \$223,000 and staff estimates that the reserve figure will go up by \$78,000 to reach \$301,000 by the end of fiscal year 2008-09.

4. BUSINESS ITEMS

Staff introduced Shirley Hooi, Golden West Paper, and Walter Vennemeyer, Progressive Capital.

A. REQUEST TO APPROVE INITIAL AND FINAL RESOLUTION FOR TAX-EXEMPT AND TAXABLE BONDS AND REQUEST FOR TAX-EXEMPT BOND ALLOCATION

- 1) On behalf of Grant Avenue Partners and/or a related entity (Borrower) and Golden West Paper Converting Corporation and/or a related entity (User), the Industrial Development Authority, Alameda County** requested approval of the Initial and Final Resolution No. 08-0019 for an amount equal to \$6,630,000 in tax-exempt bonds and \$1,145,000 in taxable bonds and Allocation Resolution No. 08-0019A for an amount equal to \$6,630,000 in tax-exempt IDB allocation. Bond proceeds will be used for the costs associated with the acquisition of land and an existing building, the renovation of the existing building, and the acquisition and installation of new equipment. Presented by Deanna Hamelin.

Ms. Redway asked if there were any questions or comments from the board or from the public.

Mr. DuFauchard asked if the municipal bond market is still functioning. He noted that Golden Waste Paper Converting Corporation is proposing to issue bonds in a public offering.

Walter Vennemeyer replied that the municipal bond market is still functioning. He said that, except for the week in October when the bond market was shut down and tax-exempt rates skyrocketed upwards to 8.5%, the municipal bond market has remained open. Mr. Vennemeyer stated that rates have since gone down, and that today a tax-exempt rate is back to approximately 1.4% to 1.3% and the taxable rate is approximately 2.10%. He said the buyers are there.

Agenda Item – 2.

Mr. DuFauchard stated that he is more familiar with equity offerings than bond offerings. He inquired as to whether the underwriting documentation is either a firm commitment or best-efforts type of offering.

Mr. Vennemeyer replied that the underwriting documentation is a firm commitment.

Mr. Sheehy joined the meeting at 10:53am. He stated that he was delayed due to a Pooled Money Investment Board meeting in the State Treasurer's Office.

Mr. Hazelroth moved approval of the item. Upon a second, the motion passed unanimously.

B. REQUEST TO APPROVE INITIAL AND FINAL RESOLUTION FOR TAX-EXEMPT BONDS AND REQUEST FOR TAX-EXEMPT BOND ALLOCATION

Staff introduced James Kordas, GE Government Finance, and John Stoecker, California Municipal Finance Authority.

- 1) On behalf of 5699 District Blvd., LLC and/or an affiliated entity (Borrower) and Value Meats, Inc., dba Charlie's Pride Meats and/or an affiliated entity (User), the California Municipal Finance Authority (CMFA)** requested approval of the Initial and Final Resolution No. 08-0018 for an amount equal to \$7,416,000 in tax-exempt bonds and Allocation Resolution No. 08-0018A for an amount equal to \$7,416,000 in tax-exempt IDB allocation. Bond proceeds will be used for costs associated with the acquisition of land and construction of a new 33,402 square-foot manufacturing facility. Presented by Deanna Hamelin.

Ms. Redway asked if there were any questions or comments from the board.

Mr. DuFauchard asked which entity will be reimbursed and how much will be reimbursed for the cost of acquisition of land and building.

James Kordas replied that GE Government Finance will refinance its taxable bridge loan to the Borrower with the tax-exempt bond proceeds.

Mr. DuFauchard asked if the bridge loan was made by a bank or by GE Government Finance.

Mr. Kordas replied that the loan was made by GE Capital, and bond proceeds will be used to refinance the loan with tax-exempt bonds.

Mr. DuFauchard asked the amount of the loan.

Mr. Kordas replied that the loan amount is \$7,400,000, which is the same amount as the proposed bond issue.

Ms. Redway asked if there were any further comments from the board or questions from the public. There were none.

Agenda Item – 2.

Mr. Sheehy moved approval of the item. Upon a second, the motion passed unanimously.

5. PUBLIC COMMENT

Ms. Redway asked for public comments. There were none.

6. ADJOURNMENT

There being no further business or public comments, the meeting was adjourned at 10:57 a.m.

Respectfully submitted,

Tom Dresslar
Executive Director